

BLUE CROSS OF NORTHEAST OHIO

Financial Statement

December 31, 1960

BOARDS

MR6

1368.42

B625f





BLUE

CROSS of Northeast Ohio



2042 EAST NINTH STREET • CLEVELAND 15, OHIO • MAIN 1-0700 • JOHN R. MANNIX, Executive Vice President

May 23, 1961

Order Division
Cleveland Public Library
325 Superior Ave.
Cleveland 14, Ohio

Gentlemen:

Complying with your recent request, we are pleased to enclose
a copy of our annual report for the year ending 1960.

Sincerely,

(Mrs.) L. Eynon
Secy. to Executive Vice President

e
encl.

MAY 26 1961 A

2

EXHIBIT A

ASSETS
December 31, 1960

CASH

| | |
|--------------------------------------|-----------------|
| Deposits in Commercial Accounts..... | \$ 3,049,713.61 |
| Savings Deposits at Interest..... | 503,271.89 |
| On Hand..... | <u>650.00</u> |

\$ 3,553,635.50

INVESTMENTS

| | |
|---|---------------|
| United States Government Securities..... | 16,344,004.80 |
| Public Utility & Industrial Securities..... | 313,679.03 |
| F.H.A. Insured Mortgages..... | <u>675.16</u> |

16,658,358.99

ACCRUED INTEREST.....

144,109.10

ACCOUNTS RECEIVABLE

| | |
|--|------------------|
| Group Subscribers..... | 1,050,833.62 |
| Medical Mutual of Cleveland, Inc..... | 71,907.65 |
| Ohio Medical Indemnity, Inc..... | 15,315.42 |
| Advances for Other Service Plans..... | 95,450.34 |
| Inter-Plan Service Benefit Bank..... | 191,388.98 |
| Prepaid Premiums - Employees' Retirement Plan... | <u>42,851.40</u> |

1,467,747.41

TOTAL ADMITTED ASSETS.....

\$21,823,851.00

MEMORANDUM ACCOUNT - NON-ADMITTED ASSET:

| | |
|-------------------------|------------------|
| Air Travel Deposit..... | \$ <u>425.00</u> |
|-------------------------|------------------|

EXHIBIT B

LIABILITIES AND RESERVES
December 31, 1960

UNEARNED INCOME (LEGAL RESERVE)..... \$ 4,755,922.53

DUE HOSPITALS FOR ACCRUED BILLINGS, INCOMPLETE,
UNDISCHARGED AND UNREPORTED CASES..... 7,632,194.67

DUE HOSPITALS FOR ADJUSTED PAYMENTS

Payments (or Refunds) required to adjust
tentative payments to audited rates:

First Half, 1960 (Final)..... (A) \$2,038,923.41

Last Half, 1960 (Preliminary)..... (A) 2,685,100.00

Total due Hospitals..... 4,724,023.41

ACCOUNTS PAYABLE, ACCRUED ACCOUNTS, AND OTHER LIABILITIES

General Accounts Payable..... 42,024.34

Deposit for FEP Claims..... 50,000.00

Unclaimed Checks..... 31,984.97

Medical Mutual of Cleveland, Inc..... 37,826.31

Ohio Medical Indemnity, Inc..... 5,430.40

U.S. Taxes Withheld from Employees..... 26,526.85

Deposited for Purchase of U.S. Savings Bonds... 733.55

Federal and State Social Security Taxes..... 10,290.40

Accrued Employees' Compensation..... 10,000.08

Reserve for Employees' Retirement Plan..... 14,000.00

228,816.90

RESERVE FOR CONTINGENCIES..... 4,482,893.49

TOTAL LIABILITIES AND RESERVE..... \$21,823,851.00

Total Persons Protected..... 1,801,331

Contingencies Reserve Per Capita..... \$2.49

Contingencies Reserve in Months of

Hospital and Administrative Expense..... .64

(A) Current Hospital Billings are paid at tentative rates, and Adjusted Payments (or Credits) as shown above at (A) are due at the close of each six-month period to adjust these tentative payments to hospital audited costs of service rendered to Subscribers.

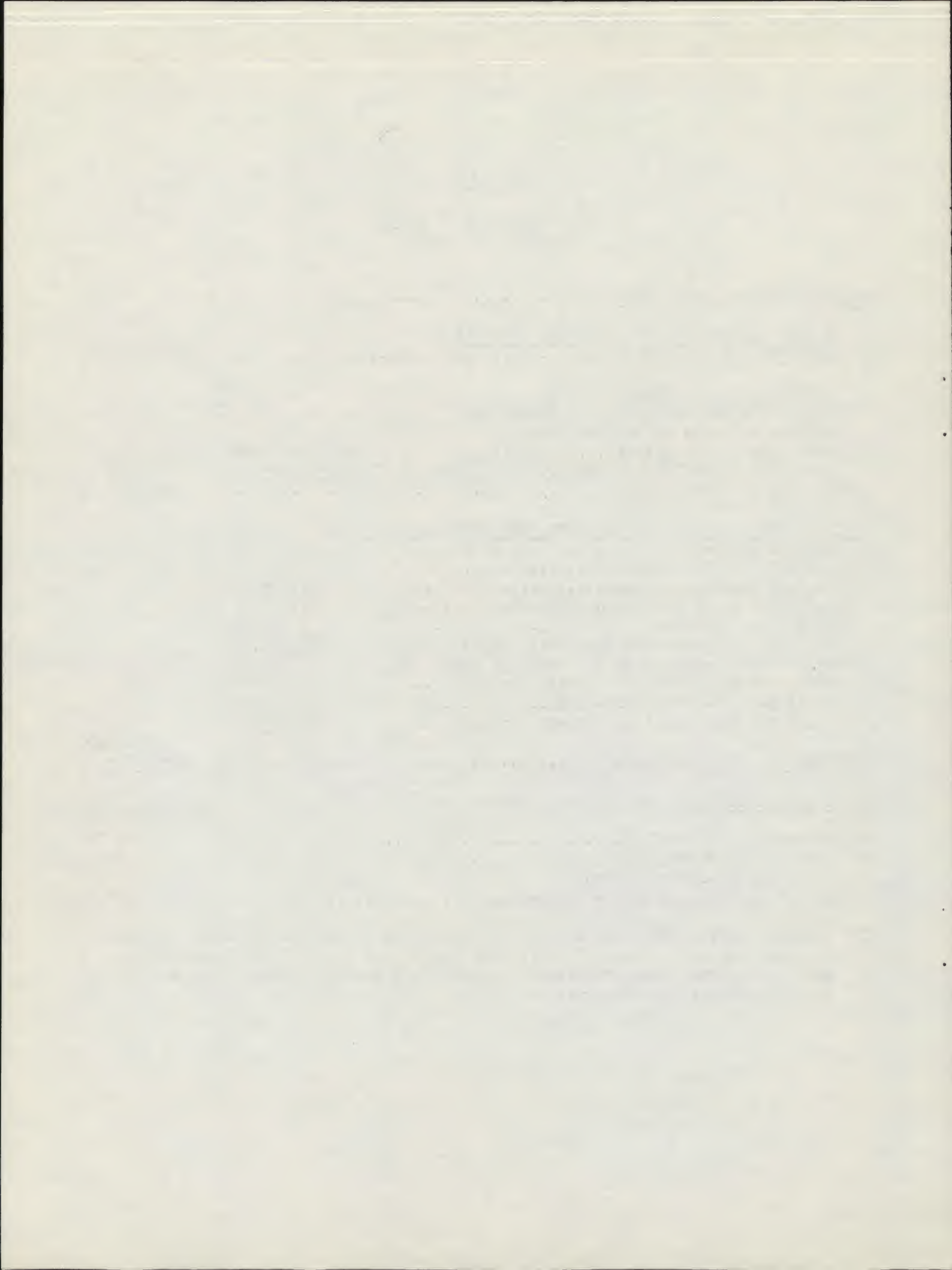


EXHIBIT C

STATEMENT OF INCOME AND EXPENSE
December, 1960

| | <u>DECEMBER</u> | <u>FIRST HALF</u> | <u>LAST HALF</u> | <u>YEAR TO DATE</u> |
|---|-----------------------|------------------------|------------------------|-------------------------|
| <u>INCOME</u> | | | | |
| Earned Income from Subscribers..... | \$5,977,286.21 | \$36,596,029.01 | \$35,898,280.44 | \$72,494,309.45 |
| <u>EXPENSE</u> | | | | |
| Administrative Expense..... | 165,621.50 | 939,136.40 | 932,117.00 | 1,871,253.40 |
| | <u>5,811,664.71</u> | <u>35,656,892.61</u> | <u>34,966,163.44</u> | <u>70,623,056.05</u> |
| <u>HOSPITAL SERVICES</u> | | | | |
| Estimated Incurred Claims for Hospital | | | | |
| Care at Tentative rates..... | 5,843,500.00 | 33,669,499.05 | 34,535,400.00 | 68,204,899.05 |
| Adjustment to Estimated Audited | | | | |
| Hospital Rates..... | 444,400.00 | 2,038,923.41 | 2,685,100.00 | 4,724,023.41 |
| Total Hospital Costs..... | <u>6,287,900.00</u> | <u>35,708,422.46</u> | <u>37,220,500.00</u> | <u>72,928,922.46</u> |
| Less: Refunds covering Compensation | | | | |
| Claims, etc..... | 19,735.62 | 88,718.65 | 87,876.83 | 176,595.48 |
| | <u>6,268,164.38</u> | <u>35,619,703.81</u> | <u>37,132,623.17</u> | <u>72,752,326.98</u> |
| <u>TO CONTINGENCIES RESERVE-FROM SUBSCRIBER</u> | | | | |
| <u>INCOME</u> | -456,499.67 | 37,188.80 | -2,166,459.73 | -2,129,270.93 |
| <u>OTHER INCOME AND ADJUSTMENTS</u> | | | | |
| Income from Investments..... | 58,777.72 | 342,854.45 | 295,712.95 | 638,567.40 |
| Alteration Expense..... | 555.17 | -29,405.80 | -3,036.47 | -32,442.27 |
| | <u>59,332.89</u> | <u>313,448.65</u> | <u>292,676.48</u> | <u>606,125.13</u> |
| <u>TO CONTINGENCIES RESERVE</u> | <u>\$ -397,166.78</u> | <u>\$ 350,637.45</u> | <u>\$-1,873,783.25</u> | <u>\$-1,523,145.80</u> |
| <u>ADJUSTMENT TO CONTINGENCIES RESERVE DUE TO</u> | | | | |
| <u>DETERMINATION OF ACTUAL HOSPITAL SERVICES</u> | | | | |
| <u>INCURRED LAST SIX MONTHS, 1959</u> | -0- | 894,071.49 | -0- | 894,071.49 |
| | <u>\$ -397,166.78</u> | <u>\$ 1,244,708.94</u> | <u>\$-1,873,783.25</u> | <u>\$ -629,074.31</u> |

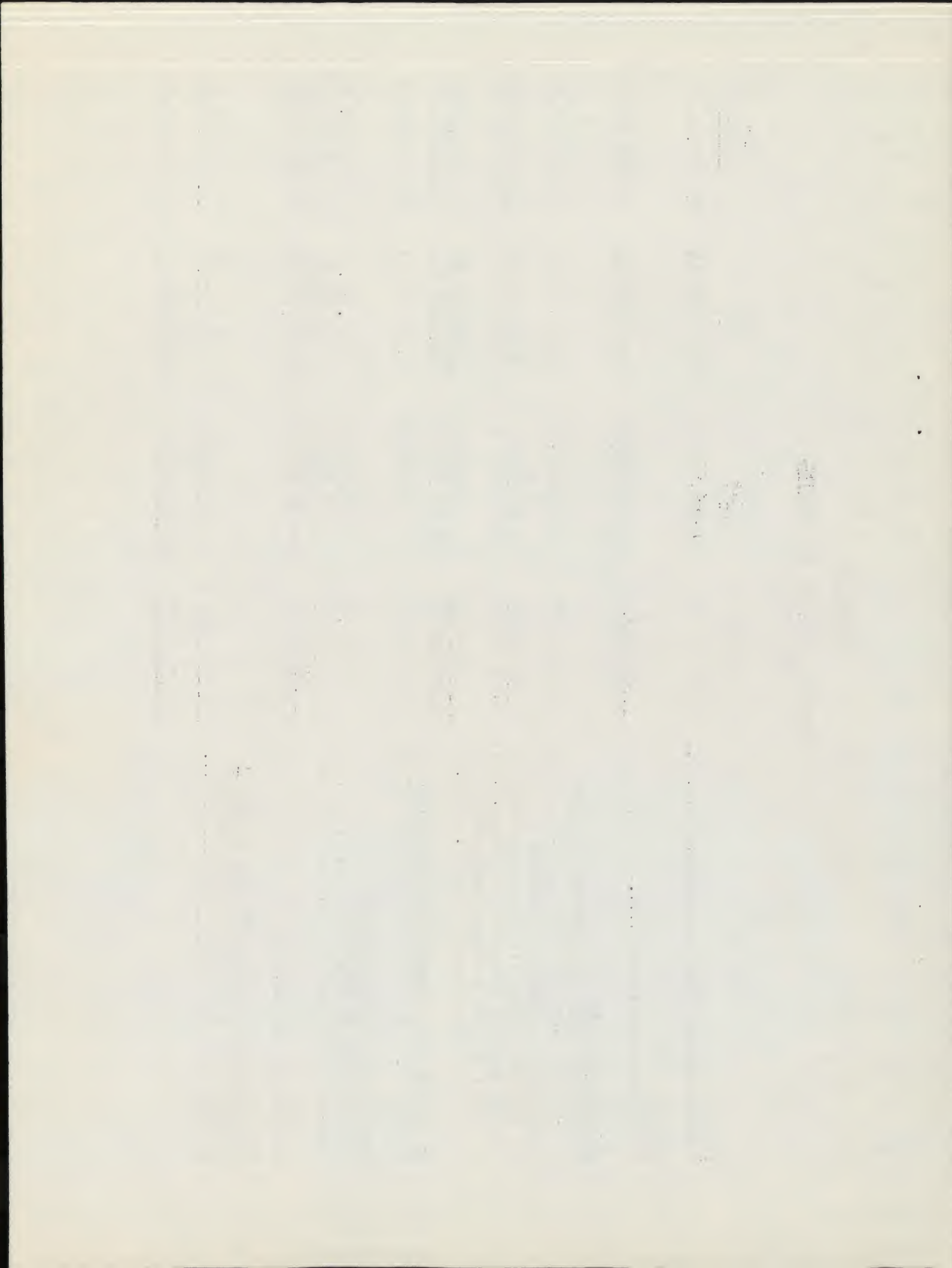


EXHIBIT D

ADMINISTRATIVE EXPENSE
December, 1960

| <u>EXPENSE</u> | <u>FOR THE MONTH</u> | | <u>CUMULATIVE</u> | |
|---|----------------------|---------------------|-----------------------|-----------------------|
| | <u>1960</u> | <u>1959</u> | <u>1960</u> | <u>1959</u> |
| Salaries - General..... | \$120,242.25 | \$122,519.69 | \$1,433,814.73 | \$1,354,563.97 |
| Salaries - Branch Office..... | 4,958.43 | 5,358.44 | 58,599.58 | 60,522.19 |
| Travel..... | 574.93 | -109.60 | 14,697.23 | 11,079.60 |
| Automobile Expense..... | 2,180.34 | 2,605.92 | 28,563.43 | 29,040.43 |
| Rent and Light..... | 16,798.16 | 15,815.41 | 200,381.87 | 186,847.87 |
| Association Dues..... | 2,936.00 | 4,101.00 | 46,686.25 | 49,204.15 |
| Legal Expense..... | 25.00 | 1,777.45 | 11,505.48 | 14,211.69 |
| Furniture and Equipment..... | 6,999.30 | 3,244.10 | 34,235.94 | 40,009.45 |
| Equipment Rental..... | 10,454.50 | 9,634.23 | 125,487.39 | 116,690.39 |
| Printing, Stationery & Supplies. | 31,269.90 | 20,155.95 | 193,413.50 | 240,899.58 |
| Books and Periodicals..... | 221.24 | 165.03 | 2,266.52 | 1,691.62 |
| Postage and Express..... | 9,062.68 | 5,396.90 | 92,360.42 | 91,601.66 |
| Telephone and Telegraph..... | 6,312.45 | 6,452.90 | 76,444.63 | 75,393.30 |
| Collection (Bank Charges)..... | 2,446.85 | 2,212.96 | 26,794.05 | 26,132.54 |
| Advertising..... | 2,549.60 | 12,714.95 | 66,852.72 | 109,393.10 |
| Insurance - General..... | 5,366.16 | 30.31 | 11,665.27 | 2,759.31 |
| Employee Welfare..... | 14,624.17 | 14,773.85 | 169,606.49 | 150,334.04 |
| Auditing & Actuarial Services... | 899.43 | 750.00 | 9,243.49 | 9,000.00 |
| Auditing - Hospitals..... | 8,389.45 | 9,298.15 | 85,577.18 | 94,230.23 |
| Mailing Services..... | 940.15 | 1,038.57 | 9,988.09 | 18,888.90 |
| Service Charges-Inter-Plan Bank. | 3,399.00 | 3,504.00 | 42,564.00 | 43,709.17 |
| Special Contract Expense..... | -23.04 | 14.10 | 744.16 | 1,631.32 |
| Miscellaneous..... | 6,269.64 | 5,025.96 | 95,619.54 | 73,799.02 |
| Citizens' Committee Study..... | 72.81 | -0- | 19,891.06 | 41,664.20 |
| | <u>\$256,969.40</u> | <u>\$246,480.27</u> | <u>\$2,857,003.02</u> | <u>\$2,843,297.73</u> |
| Less: Service Charges: | | | | |
| Medical Mutual of Cleveland.... | 71,907.65 | 65,573.22 | 785,003.36 | 742,501.48 |
| Ohio Medical Indemnity, Inc.... | 14,760.25 | 14,163.12 | 167,605.38 | 163,443.16 |
| Inter-Plan Bank..... | 2,280.00 | 2,793.00 | 25,419.00 | 24,783.00 |
| Medicare Program..... | 400.00 | 216.08 | 2,911.88 | 2,954.32 |
| Federal Employees' Program.... | 2,000.00 | - | 4,810.00 | - |
| | <u>\$ 91,347.90</u> | <u>\$ 82,745.42</u> | <u>\$ 985,749.62</u> | <u>\$ 933,681.96</u> |
| | <u>\$165,621.50</u> | <u>\$163,734.85</u> | <u>\$1,871,253.40</u> | <u>\$1,909,615.77</u> |
| Percentage of Expense to Income..... | 2.77 | 2.69 | 2.58 | 2.77 |

